



**WILLIAM T FUJIOKA**  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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July 26, 2013

To: Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### NET COUNTY COST REDUCTION AND RESTORATION

On June 24, 2013, during the 2013-14 Budget Deliberations, on a motion by Supervisor Molina, the Board directed the Chief Executive Officer to report back on restoring ongoing funding for Departments who utilized one-time funds to keep services available.

Beginning in 2008-09, the County began making reductions to net County cost (NCC), the portion of the budget that is financed with locally generated revenues. These reductions were needed as revenues began to decline in 2008-09, while spending on safety net programs and other unavoidable costs increased. The NCC of almost all departmental budgets was reduced in total by approximately \$408.2 million from 2008-09 to 2011-12 (Attachment I). Starting in 2011-12, as the economy began to improve, the County's ongoing revenues also began to increase and we were able to reduce our use of one-time funding sources to balance the budget, and allowed us to selectively restore funding to some County departments. Since 2010-11, the County has selectively restored a total of \$91.5 million in ongoing NCC funding to meet critical service delivery needs in certain departmental budgets (Attachment II). During this period, along with NCC reductions, we also utilized one-time funding solutions to allow County departments to continue to deliver critical services to residents during the recession and its aftermath, and to avoid layoffs and furloughs.

With the exception of \$31.2 million in public safety restorations, the 2013-14 Adopted Budget is structurally balanced, as it does not rely on one-time budget solutions to finance ongoing operations (Attachment III), since ongoing expenditures are supported

*"To Enrich Lives Through Effective And Caring Service"*

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with ongoing revenues. The \$316.7 million in net curtailments (\$408.2 million in curtailments less \$91.5 million in restorations) represents a structural reduction in the County's budget in order to keep ongoing revenues in line with ongoing expenditures. Going forward, we will be evaluating and analyzing any restorations of prior years' NCC reductions on a case-by-case basis and only to the extent that ongoing revenues are sufficient to match the increases in ongoing expenditures.

If you have any questions or need additional information, please let me know or your staff may contact Sid Kikkawa at (213) 974-6872.

WTF:SK  
MM:YR:alc

#### Attachments

c: Executive Office, Board of Supervisors  
County Counsel

COUNTY OF LOS ANGELES  
NET COUNTY COST REDUCTIONS - HISTORICAL  
(\$ in Thousands)

ATTACHMENT I

DEPARTMENTS	NCC REDUCTIONS	NCC REDUCTIONS	NCC REDUCTIONS	NCC REDUCTIONS	TOTAL NCC REDUCTIONS
AFFIRMATIVE ACTION COMPLIANCE	94	299	298	-	691
AGRICULTURAL COMMUNITY & MEASURES	272	1,296 [a]	855 [a]	582 [a]	3,005
ALTERNATE PUBLIC DEFENDER	-	538	996	300	1,834
ANIMAL CARE & CONTROL	-	365	1,627 [a]	(727) [a]	1,265
ARTS COMMISSION	-	1,019	287	-	1,306
ASSESSOR	2,483	6,960 [a]	7,865	1,903 [b]	19,211
AUDITOR-CONTROLLER	630	2,074 [a]	1,513	414	4,631
BEACHES AND HARBORS - BEACHES	293	1,030 [a]	1,803 [a]	-	3,126
BEACHES AND HARBORS - MARINA	3,100	2,506	1,571 [a]	852	8,023
BOARD OF SUPERVISORS	250	2,000	2,661	900	5,811
CHIEF EXECUTIVE OFFICER	462	2,875	3,340	990	7,667
CHIEF INFORMATION OFFICE	163	909	462	123	1,657
CHILDREN AND FAMILY SERVICES ADMIN	2,600	3,318	4,368	2,041	12,327
COMMUNITY & SENIOR SERVICES ADMIN	-	56 [a]	-	-	56
CONSUMER AFFAIRS	366	1,773	1,351 [a]	1,057	4,547
CORONER	131	247	-	-	378
COUNTY COUNSEL	320	1,701	718	35	2,774
DISTRICT ATTORNEY	141	508	423	35	1,107
FIRE DEPT - LIFE GUARDS	2,500	13,338	3,570	1,970	20,378
GRAND JURY	-	1,420	2,426	-	3,846
HOMELESS AND HOUSING PROGRAM	-	91	-	-	91
HUMAN RESOURCES	-	-	1,758 [a]	-	1,758
INFORMATION SYSTEMS ADVISORY BODY (ISAB)	252	2,039	716 [a]	150 [b]	3,157
INTERNAL SERVICES	-	11	-	-	11
MENTAL HEALTH	112	454 [a]	1,616	310	2,492
MILITARY & VETERANS AFFAIRS	-	1,492	122	-	1,614
NDISA - LIBRARY GENERAL FUND SUBSIDY	58	261 [a]	178	72 [a]	569
OFFICE OF PUBLIC SAFETY	-	1,620	1,658	-	3,278
PARKS & RECREATION	-	1,146	1,395	-	2,541
PROBATION	575	5,024	1,533 [a]	2,640 [a]	9,172
PUBLIC DEFENDER	-	28,207 [a]	4,500 [a][b]	500	28,207
PUBLIC HEALTH	-	3,160	3,700	-	6,860
PUBLIC SOCIAL SERVICES - ADMIN	2,366	4,313 [a]	7,369	5,088 [a]	10,379
PUBLIC WORKS	1,800	6,196 [a]	762	64	20,458
REGIONAL PLANNING	321	568	-	253	1,142
REGISTRAR-RECORDER/COUNTY CLERK	403	926	-	600 [a]	1,582
SHERIFF	631	(117) [a]	1,720	-	2,834
TREASURER & TAX COLLECTOR	12,000	56,676 [a]	110,625	15,000	194,304
PROVISIONAL FINANCING USES	659	3,674 [a]	1,900 [a]	28	6,261
TOTAL GENERAL FUND	32,982	2,919	175,686	35,160	251,747
REGIONAL PLANNING (mitigated cut = fee increase)	-	-	1,486 [a]	-	1,486
TOTAL GENERAL FUND	32,982	162,892	177,172	35,160	408,206
		195,874	373,046	408,206	

NOTES:

- [a] Department increased revenue as part of their net County cost (NCC) reductions.  
 [b] Although Registrar-Recorder/County Clerk look outlays totaling \$1,184M, it received one-time NCC of \$2.1M to mitigate its revenue shortfall.  
 [c] Community and Senior Services NCC reduction of \$1.351M includes revenue increase of \$972K in the Assistance budget unit.  
 [d] Reflects a one-time NCC reduction of \$1.758M to partially mitigate the Department of Mental Health's curtailment of \$1.890M.  
 [e] Human Resources received \$381K to restore the Administrative Intern Program in Final Changes.  
 [f] Public Defender received \$1.0M and \$1.2M in Final Changes and Supplemental Changes phases, respectively, to mitigate the department's structural deficit.  
 [g] Regional Planning increased revenue from fee increase of \$1.670M to fully offset curtailment of \$1.486M.  
 [h] Animal Care and Control's \$1.2M curtailment was mitigated with \$822K in UUT funding. An additional \$1.1M in NCC was given to address their structural deficit.  
 [i] While the Auditor Controller and Human Resources look NCC reductions of \$864K and \$358K, respectively, NCC was redirected (ANC \$250K and DHR \$235K) for departmental operational needs.

## COUNTY OF LOS ANGELES

## NET COUNTY COST RESTORATIONS - HISTORICAL

(\$ in Thousands)

DEPARTMENTS	NCC RESTORATIONS	NCC RESTORATIONS	NCC RESTORATIONS	NCC RESTORATIONS	TOTAL NCC RESTORATIONS
ALTERNATE PUBLIC DEFENDER					
Mitigate Structural Deficit	-	250	-	496	746
ARTS COMMISSION					
Organizational Grant, Holiday Celebration, Arts Internship	-	1,019 [a]	-	-	1,019
ASSESSOR					
Training & Tuition Reimbursement	-	-	130	-	130
BOARD OF SUPERVISORS					
Vehicle Replacement	-	-	125	1,167	1,292
Restoration	-	-	-	-	-
CHIEF INFORMATION OFFICE	-	-	193	-	193
Countywide Information Technology Security	-	-	-	-	-
COUNTY COUNSEL	-	-	497	-	497
Employment Advice Program	-	-	-	-	-
DISTRICT ATTORNEY	-	1,500	-	113	1,613
Various Programs - Restoration of 12.0 positions	-	-	-	-	-
Community Outreach - Field Deputy	-	-	-	-	-
HUMAN RESOURCES	381	-	-	-	381
Administrative Intern Program	-	-	-	-	-
PUBLIC DEFENDER	2,200	500	-	-	2,700
Mitigate Structural Deficit	-	15,000	-	-	15,000
SHERIFF	-	27,142	-	22,000	49,142
Services and Supplies	-	-	-	18,583	18,583
Overtime	-	-	-	-	-
CARPing	-	-	-	-	-
TREASURER & TAX COLLECTOR	-	98	37	37	172
Public Administrator Division	-	-	-	-	-
TOTAL GENERAL FUND	2,581	45,509	982	42,396	91,468
	2,581	48,090	49,072	91,468	

## NOTES:

[a] Revenue was also increased by \$332k.

**COUNTY OF LOS ANGELES**  
**2013-14 Net County Cost**  
**Primary Drivers of Budget Changes\***  
(\$ in Millions)

	<u>Adopted Budget</u>
2012-13 One-Time Budget Gap	\$ (103.6)
Unavoidable Cost Increases	(143.3)
Program Changes	(105.6)
Revenue Increases	279.0
Use of Ongoing Funding for One-Time Needs In 2012-13	42.3
<b>Budget Gap</b>	<u><u>\$ (31.2)</u></u>

\* - The 2013-14 Adopted Budget includes \$40.6 million in curtailment restorations for the Sheriff's Department. The County utilized \$9.4 million in ongoing funding and \$31.2 million in one-time funding to finance this restoration.